

June 18, 1999

**To:** Board of Directors (Budget and Finance Committee--Information)

**From:** General Manager \_\_\_\_\_

**Submitted by:** Lambertus H. Becker  
Chief Financial Officer \_\_\_\_\_

**Subject:** May 1999 Executive Financial Summary

**RECOMMENDATION**

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For information only.

**REPORTS**

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Cash Basis Information:

Financial Board Charts

Budget v. Cost

Receipts, Disbursements, and Balances by Fund Type

Accrual Basis Statements:

Balance Sheet

Statement of Operations

Supplementary Information:

Projected and Actual Construction Costs

Projected Fixed SWC Charges through 2035

Historical Construction Expenditures

**Treasurer's Report**

Eligibility of Securities

Transmittal Letter

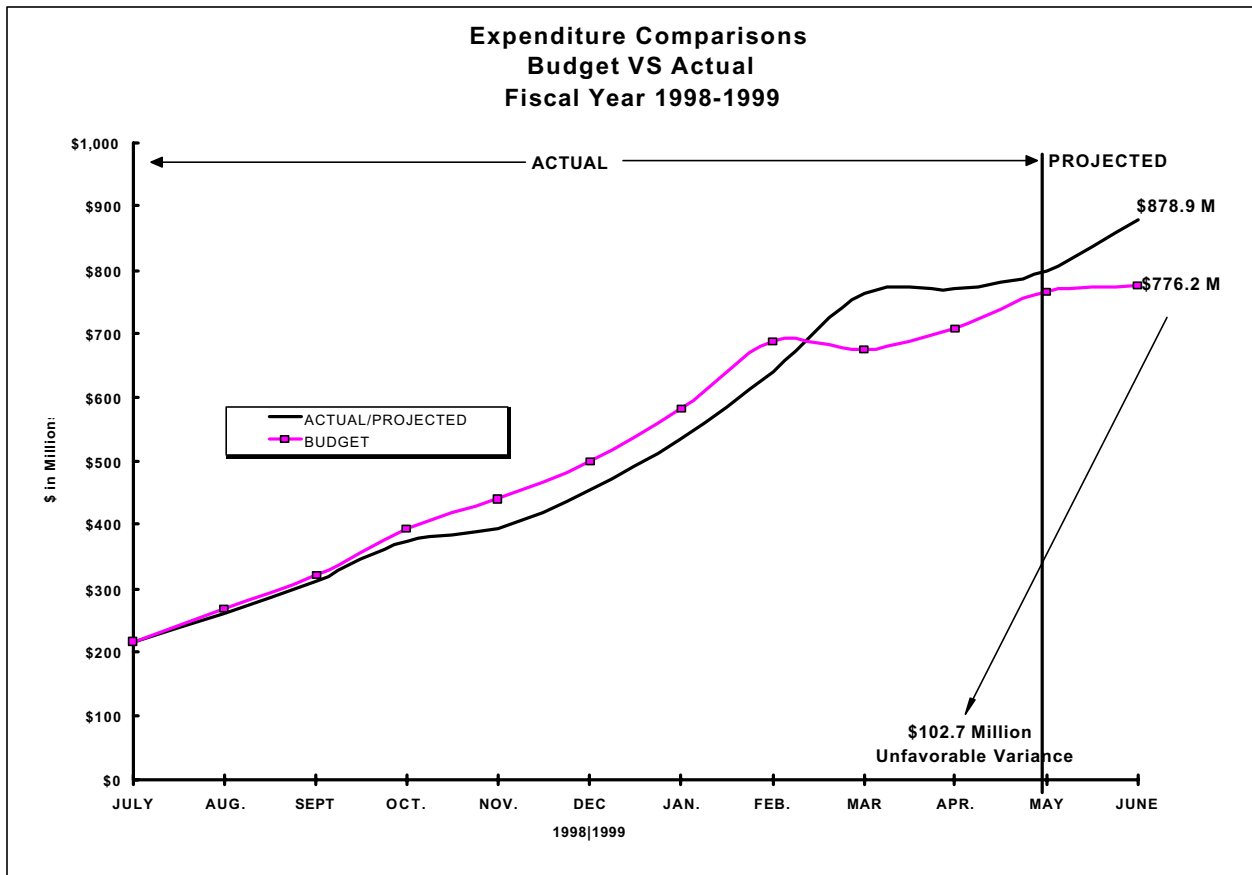
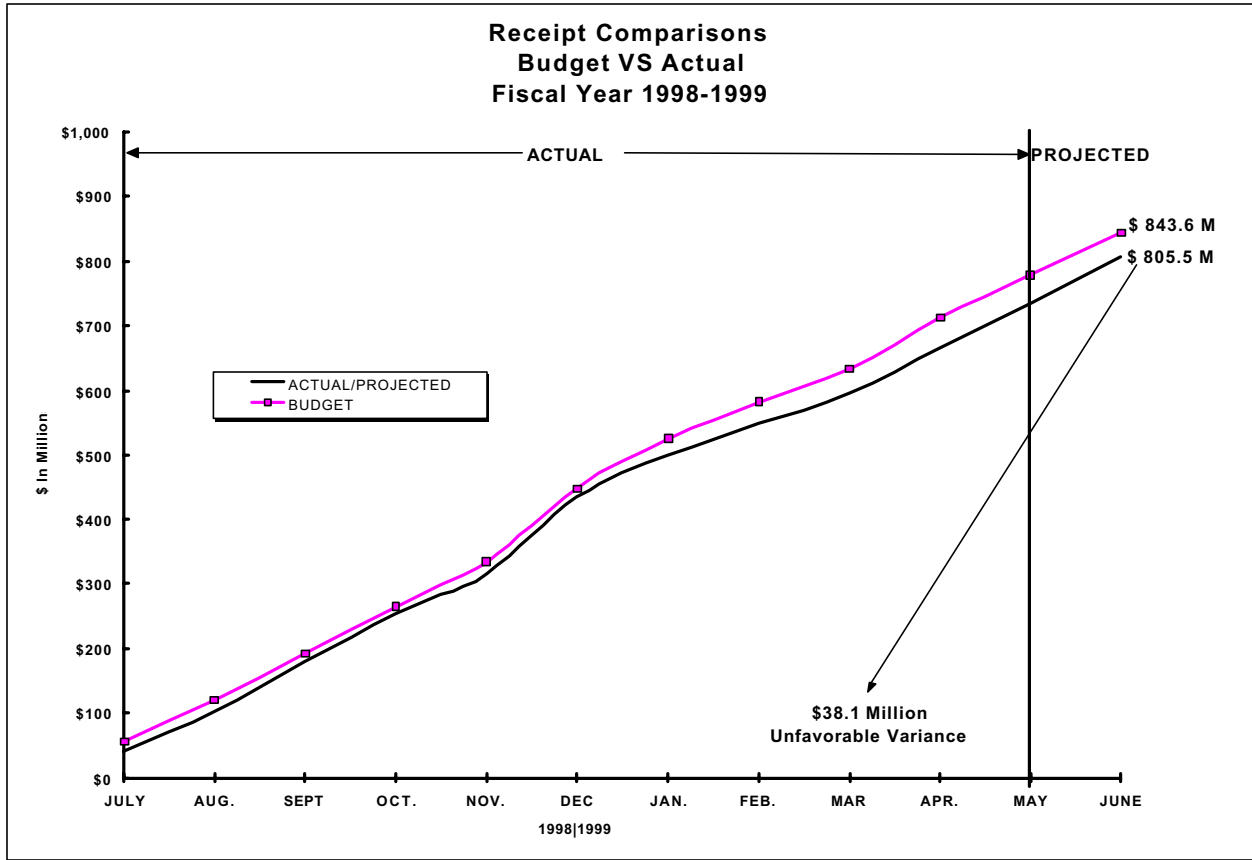
Summary of Investment Activity and Status of Cash

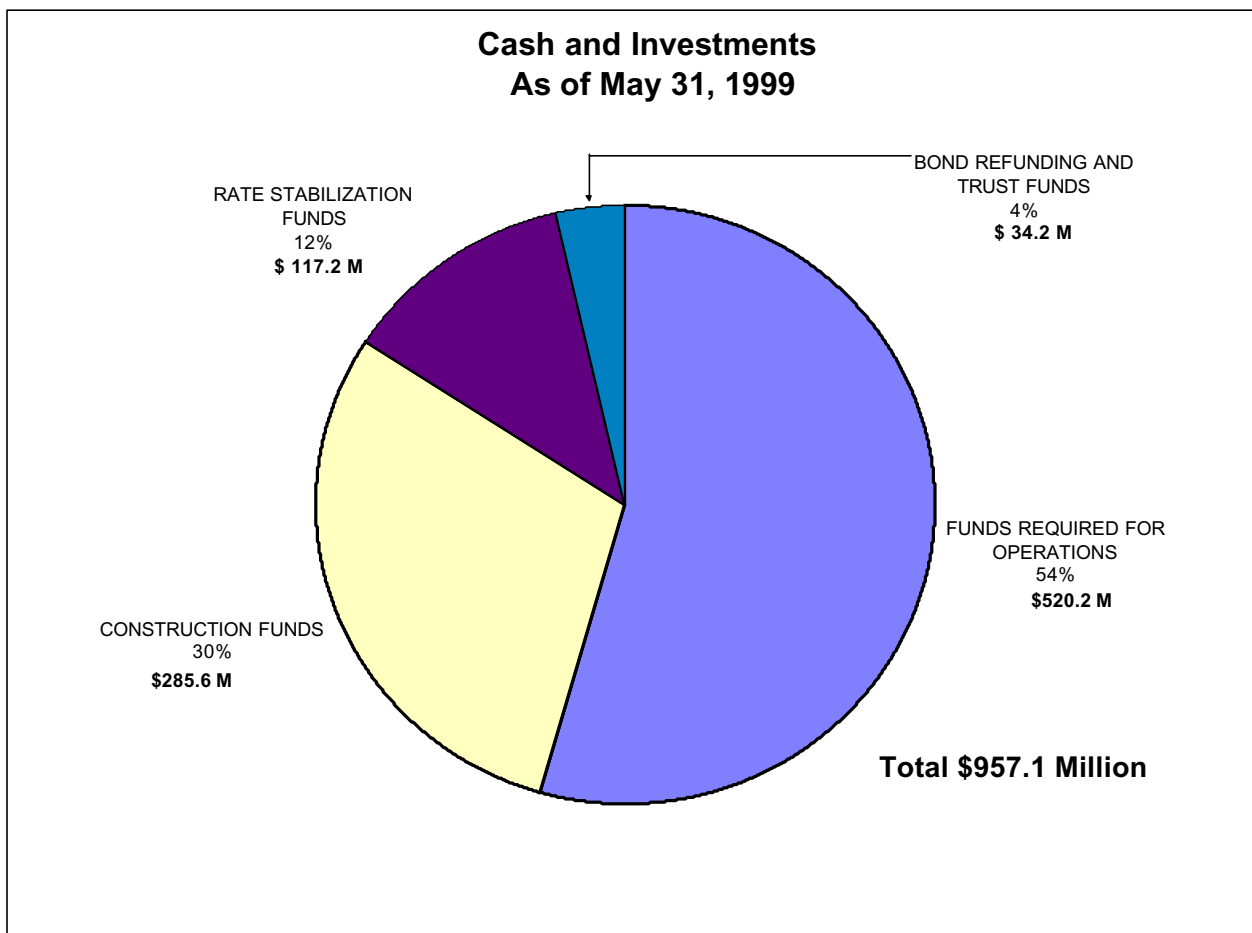
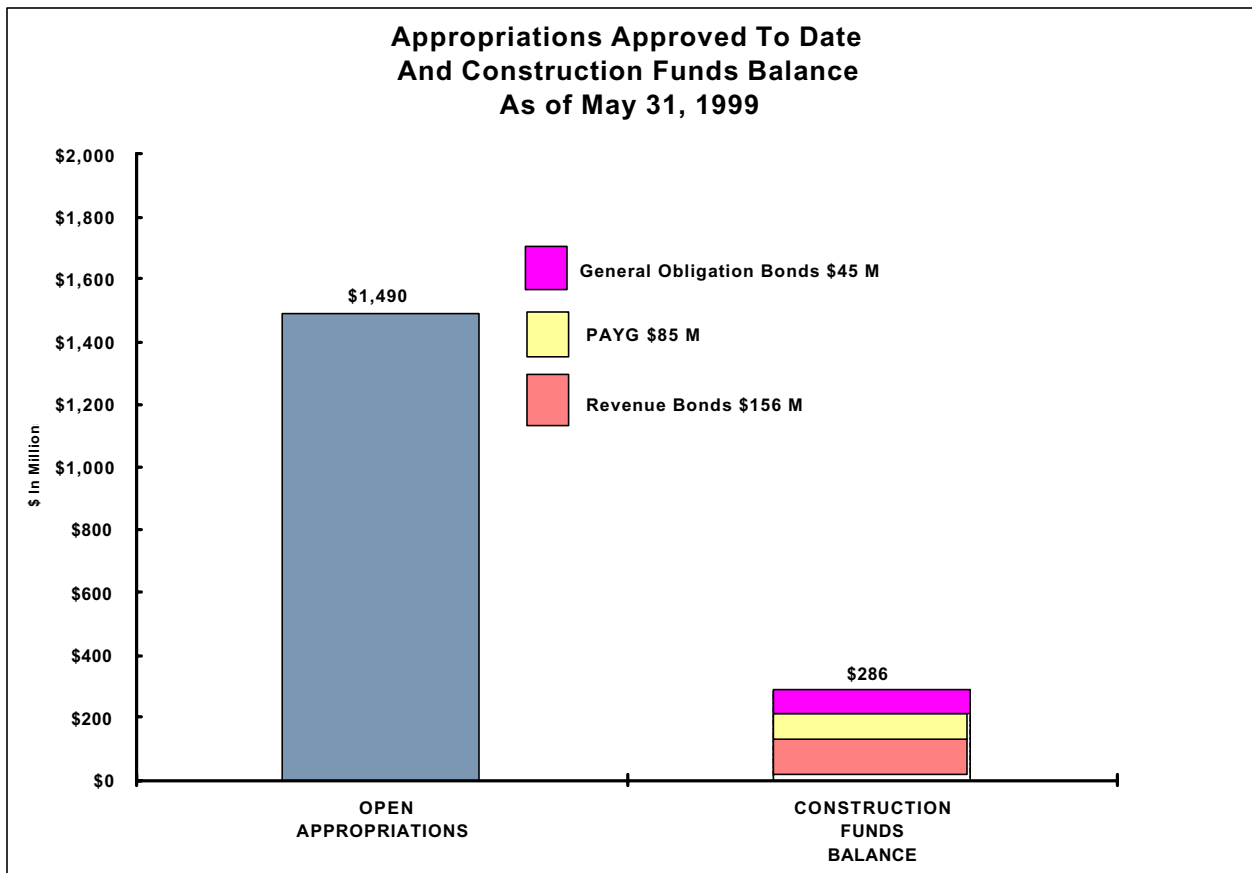
Yield Comparisons

DIF/RHY

**Attachment 10-4A**

### FINANCIAL BOARD CHARTS





**BUDGET VS. COST REPORT  
July 1, 1998 to May 31,  
CASH BASIS  
( \$ in Thousands )**

<b>FISCAL YEAR 1998-99</b>	<b>BUDGET</b>		<b>ACTUAL</b>		<b>VARIANCE</b>		<b>(5) X- REF.</b>
	<b>ANNUAL BUDGET</b>	<b>THROUGH May 1999</b>	<b>THROUGH May 1999</b>	<b>DOLLARS</b>	<b>PERCENT</b>		
<b>SOURCES OF FUNDS</b>							
<b>RECEIPTS</b>							
WATER SALES	\$ 614,506	\$ 562,181	\$ 523,173	\$ (39,008)	-6.9%		
TAXES	\$ 85,958	\$ 85,283	\$ 92,819	\$ 7,536	8.8%		
READINESS-TO-SERVE CHARGE (RTS)	\$ 80,000	\$ 72,519	\$ 70,446	\$ (2,073)	-2.9%		
INTEREST ON INVESTMENTS ( 1 )	\$ 43,519	\$ 39,429	\$ 34,252	\$ (5,177)	-13.1%		
POWER RECOVERY AND MISCELLANEOUS	\$ 16,345	\$ 15,327	\$ 13,230	\$ (2,097)	-13.7%		
BUSINESS DEVELOPMENT	\$ 3,300	\$ 3,025	\$ 519	\$ (2,506)	-82.8%		
<b>TOTAL RECEIPTS</b>	<b>\$ 843,628</b>	<b>\$ 777,765</b>	<b>\$ 734,439</b>	<b>\$ (43,326)</b>	<b>-5.6%</b>		
PROJECTED USE OF PRIOR YEAR PAYG FUNDS	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	-		
PROJ. USE OF DEBT PROCEEDS FOR CONSTRUCTION	\$ 450,600	\$ 378,452	\$ 468,063	\$ 89,610	23.7%		
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$ 1,309,228</b>	<b>\$ 1,171,217</b>	<b>\$ 1,217,501</b>	<b>\$ 46,284</b>	<b>4.0%</b>		
<b>USES OF FUNDS</b>							
<b>EXPENDITURES</b>							
STATE WATER CONTRACT	\$ 240,255	\$ 289,332	\$ 227,155	\$ 62,177	21.5%		
WATER TRANSFERS \ OPTIONS	\$ 5,100	\$ 5,100	\$ 8,642	\$ (3,542)	-69.5%		
COLORADO RIVER SUPPLIES	\$ 35,650	\$ 23,161	\$ 21,396	\$ 1,765	7.6%		
DEBT SERVICE	\$ 245,050	\$ 230,034	\$ 228,107	\$ 1,927	0.8%		
PAYG CONSTRUCTION FROM CURRENT YEAR RECEIPTS	\$ 90,000	\$ 81,594	\$ 64,266	\$ 17,328	21.2%		
UNION STATION HEADQUARTERS & OTHER ( 2 )	\$ 22,422	\$ 20,554	\$ 25,145	\$ (4,592)	-22.3%		
REIMBURSEMENT FROM MWDAFC	\$ (129,000)	\$ (129,000)	\$ -	\$ (129,000)	100.0%		
MWD O&M	\$ 223,252	\$ 204,649	\$ 191,769	\$ 12,879	6.3%		
OPERATING EQUIPMENT	\$ 9,211	\$ 8,443	\$ 6,828	\$ 1,615	19.2%		
LOCAL RESOURCES PROGRAM - NET	\$ 19,260	\$ 17,655	\$ 9,990	\$ 7,665	43.4%		
<b>SUBTOTAL</b>	<b>\$ 761,200</b>	<b>\$ 751,522</b>	<b>\$ 783,299</b>	<b>\$ (31,777)</b>	<b>-4.2%</b>		
PAYG CONSTRUCTION FUNDED FROM PAYG RESERVES	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	-		
DEBT-FINANCED CONSTRUCTION EXPENDITURES	\$ 450,600	\$ 378,452	\$ 468,063	\$ (89,610)	-23.7%		
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,226,800</b>	<b>\$ 1,144,974</b>	<b>\$ 1,266,361</b>	<b>\$ (121,387)</b>	<b>-10.6%</b>		
WATER TRANSFER DEPOSITS ( 3 )	\$ 18,900	\$ -	\$ -	\$ -	-		
ADJUSTMENTS IN RESERVES ( 4 )	\$ 4,395	\$ -	\$ -	\$ -	-		
INCREASE IN RATE STABILIZATION FUNDS ( 4 )	\$ 59,133	\$ -	\$ -	\$ -	-		
<b>TOTAL USE OF FUNDS</b>	<b>\$ 1,309,228</b>	<b>\$ 1,144,974</b>	<b>\$ 1,266,361</b>	<b>\$ (121,387)</b>	<b>-10.6%</b>		

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND BALANCES**  
**JULY 1, 1998 THROUGH MAY 31, 1999**

(\$ in Thousands)

	TOTAL ALL FUNDS	OPERATING FUNDS	STATE CONTRACT FUNDS	DEBT SERVICE FUNDS	RATE STABILIZATION FUNDS	PAY-AS-YOU GO FUND
<b>CASH AND INVESTMENT</b>						
<b>BALANCES - START OF PERIOD</b>	\$ 1,561,943	\$ 318,193	\$ 68,988	\$ 160,008	\$ 111,157	\$ 141,186
<b>RECEIPTS</b>						
Net Tax Collections	92,820	0	37,481	55,339	0	0
Water Sales	541,564	541,564	0	0	0	0
Wheeling	410	410	0	0	0	0
Readiness-To-Serve (WSC)	70,446	70,446	0	0	0	0
Power Recoveries	9,588	9,588	0	0	0	0
Interest on Investments	75,460	15,160	1,163	4,337	6,021	7,638
Debt Proceeds	259,382	0	0	741	0	0
Reimbursements	11,965	5,641	0	0	0	5,976
Other Collections	3,750	3,750	0	0	0	0
<b>TOTAL RECEIPTS</b>	<b>1,065,385</b>	<b>646,558</b>	<b>38,644</b>	<b>60,416</b>	<b>6,021</b>	<b>13,615</b>
<b>INTER-FUND TRANSACTIONS</b>						
Inter-Fund Transfers	0	(237,801)	71,700	149,036	0	15,000
<b>TOTAL INTER-FUND TRANSACTIONS</b>	<b>0</b>	<b>(237,801)</b>	<b>71,700</b>	<b>149,036</b>	<b>0</b>	<b>15,000</b>
<b>DISBURSEMENTS - NET</b>						
Operations & Maintenance	226,864	226,864	0	0	0	0
Operating Equipment	7,035	7,035	0	0	0	0
Operating Supplies Inventory	(2,528)	(2,528)	0	0	0	0
Undistributed Payroll (Net)	857	857	0	0	0	0
Construction	592,123	38,469	0	0	0	85,242
DWR - Capital Payments	145,399	0	145,399	0	0	0
DWR - Minimum O&M	100,438	100,438	0	0	0	0
Off Aqueduct Facilities	50,837	25,450	25,387	0	0	0
GRA - Power	18,971	18,971	0	0	0	0
SWC - Variable Power	5,440	5,440	0	0	0	0
SWC - Credit	(60,209)	(13,635)	(46,574)	0	0	0
DWR - Water Bank/Transfer/Options	8,642	8,642	0	0	0	0
To MWDOC - Allen-McColloch Ppl	0	0	0	0	0	0
Debt Service on MWD Bonds	374,230	0	0	228,107	0	0
Arbitrage Rebate Tax to IRS	589	0	0	0	0	0

**BALANCE SHEET**

BALANCE SHEET AS OF MAY 31, 1999

**ASSETS**  
**( \$ in Thousands)**

<b>CASH AND INVESTMENTS</b>	
Operating, Construction and Other	\$ 954,737
Held for Crossover Refunding Bonds	0
Held for Future Desalination Facilities	2,361
Change in Fair Value of Investments	<u>5,623</u>
Total Cash and Investments	962,720
<b>ACCOUNTS RECEIVABLE</b>	
Tax Assessments	157
Annexation Charges	13,870
Water Sales	99,342
Readiness-To-Serve (WSC)	10,423
Power Recoveries	1,378
Interest Accrued on Investments	18,039
Notes Receivable	5,239
Sundry	<u>(3,275)</u>
Total Accounts Receivable	145,173
<b>INVENTORIES</b>	15,086
<b>OTHER ASSETS</b>	
Deferred Charges	213,075
Feasibility Studies, Reimbursables, etc.	9,626
Construction & Right of Way Deposits	<u>3,113</u>
Total Other Assets	225,814
<b>PROPERTY, PLANT AND EQUIPMENT</b>	
Land, Easements & Right of Way	442,286
Completed Features	2,126,698
Work in Progress	2,836,399
Less: Allowance for Depreciation	<u>(599,286)</u>
Total Comp. Features & WIP Net of Allow. for Depr.	4,363,811
Preoperating Costs - Capitalized	44,595
Less: Portion Amortized	<u>(21,730)</u>
Total Preoperating Costs Net of Amortization	22,865
Participation Rights - State Fac.	2,994,438
Less: Portion Amortized	<u>(1,547,680)</u>
Total State Fac. Partic. Rts Net of Amort.	1,446,757
Participation Rights - Other Fac.	201,145
Less: Portion Amortized	<u>(18,088)</u>
Total Other Fac. Partic. Rts. Net of Amort.	183,057
Major Operating Equipment	92,315
Less: Allowance for Depreciation	<u>(70,437)</u>
Total Major Operating Equipment Net of Depr.	21,878
<b>TOTAL ASSETS</b>	<u><u>\$ 7,829,447</u></u>

**Note: Due to rounding, detail and subtotals may not foot or crossfoot to subtotals and total.**

**BALANCE SHEET AS OF MAY 31, 1999**  
**LIABILITIES AND EQUITY**  
(\$ in Thousands)

ACCOUNTS PAYABLE & ACCRUED EXPENSE	
Commercial Paper Notes	\$ 300,000
Matured Bonds & Coupon not Presented for Payments	5,816
Bond Int. Accrued but not Due	53,271
Accrued Prem. on Called Bonds	<u>(65)</u>
Total Bonds	59,022
Participation Rights - State Facilities	98,406
State Variable and Minimum OMP&R	106,590
Services, Material, etc.	20,018
Compensated Absences	25,515
Trust Funds	30,487
Customer Deposits	<u>2,323</u>
Total Accounts Payable & Accrued Expense	642,362
DEFERRED INCOME	
Deferred Readiness-To-Serve (WSC)	6,667
Deferred Water Sales	858
Deferred Tax Levies - Current Year	7,275
PERS Employer's Credits	6,561
Deferred Interest	-
Deferred Water Bank Sales	<u>-</u>
Total Deferred Income	21,360
LONG TERM OBLIGATIONS	
Bonds & Notes Payable:	
1966/69 G.O. Bonds	221,340
* G.O. Refunding Bonds	350,359
Revenue Bonds	1,675,870
* Revenue Refunding Bonds	712,078
Crossover Refunding Bonds	<u>0</u>
Total Bonds & Notes Payable	2,959,647
Other Long Term Obligations:	
Due to MWDOC - Allen-McColloch Pipeline	29,011
Unamortized Bond Premium	6,698
Unamortized Bond Discount	(57,713)
Employees' Deferred Compensation Payable	42,593
Obligation for Off-Aqueduct Power Facilities	117,969
Interest to Be Rebated to IRS	148
Obligation for Iron Mountain Landfill Closure	<u>1,327</u>
Total Other Long Term Obligations	140,032
EQUITY	
Contributions	37,288
Annexation Commitments	376,576
Other Retained Earnings	3,455,935
Estimated Income	<u>196,247</u>
Total Equity	4,066,046
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 7,829,447</u></u>

\* Net of Deferred Loss on Early Retirement of Debt. \$ 3,817 & \$ 29,919 respectively.

Note: Due to rounding, detail and subtotals may not foot or crossfoot to subtotals and total.

**STATEMENT OF OPERATIONS****STATEMENT OF OPERATIONS**

**FISCAL YEAR THROUGH MAY 31, 1999**  
**( \$, Acre Feet and kWh in Thousands)**

## GROSS OPERATING INCOME

Water Sales:	Acre Feet		
Treated	1,024	\$	424,676
Untreated	358		117,277
Wheeling	1		410
Reclaimed Water	<u>61</u>		<u>14,455</u>
	1,444		556,818
Readiness-To-Serve (WSC)			73,333
Connection Maintenance Charge			2,691
Power Recoveries ( 228,798 kWh )			9,835
Business Development			<u>505</u>
		\$	643,183

## OPERATION AND MAINTENANCE

Operations			189,684
Power and Water Costs			186,336
Business Development			<u>589</u>
			<u>376,609</u>
Operating Income before Amort. & Depr.			266,574
Amort. of Participation Rights			69,697
Depreciation, Plant			<u>43,541</u>
			<u>113,238</u>
Operating Income			153,336

## OTHER INCOME

Net Tax Revenues			78,916
Interest Earned on Investments			59,885
Change in Fair Value of Investments			(8,471)
Current Interest Levies - Annexation Commitments			913
Property Rentals			600
Gain on Land Sales			(98)
Earnings on Escrow Accounts			-
Sundry Revenues			<u>446</u>
			132,190

## INTEREST AND OTHER EXPENSE

Bond Interest Expense			83,220
Adjustment for OAPF obligation			3,554
Arbitrage Rebate Tax			-
Research and Development			10,669
Sundry Expense			<u>2,744</u>
			<u>100,187</u>
Income before Annex Inc. & Prior Years' Adjust			185,339

## ANNEXATION INCOME

Levies for Uncapitalized Annexation - Principal			3
New Annexations - Principal			<u>197</u>
			200

## ADJUSTMENTS OF PRIOR YEARS' POWER AND WATER COSTS

10,708

## NET INCOME

\$ 196,247

**Note: Due to rounding, detail and subtotals may not foot or crossfoot to subtotals and total.**



## STATEMENT OF OPERATIONS

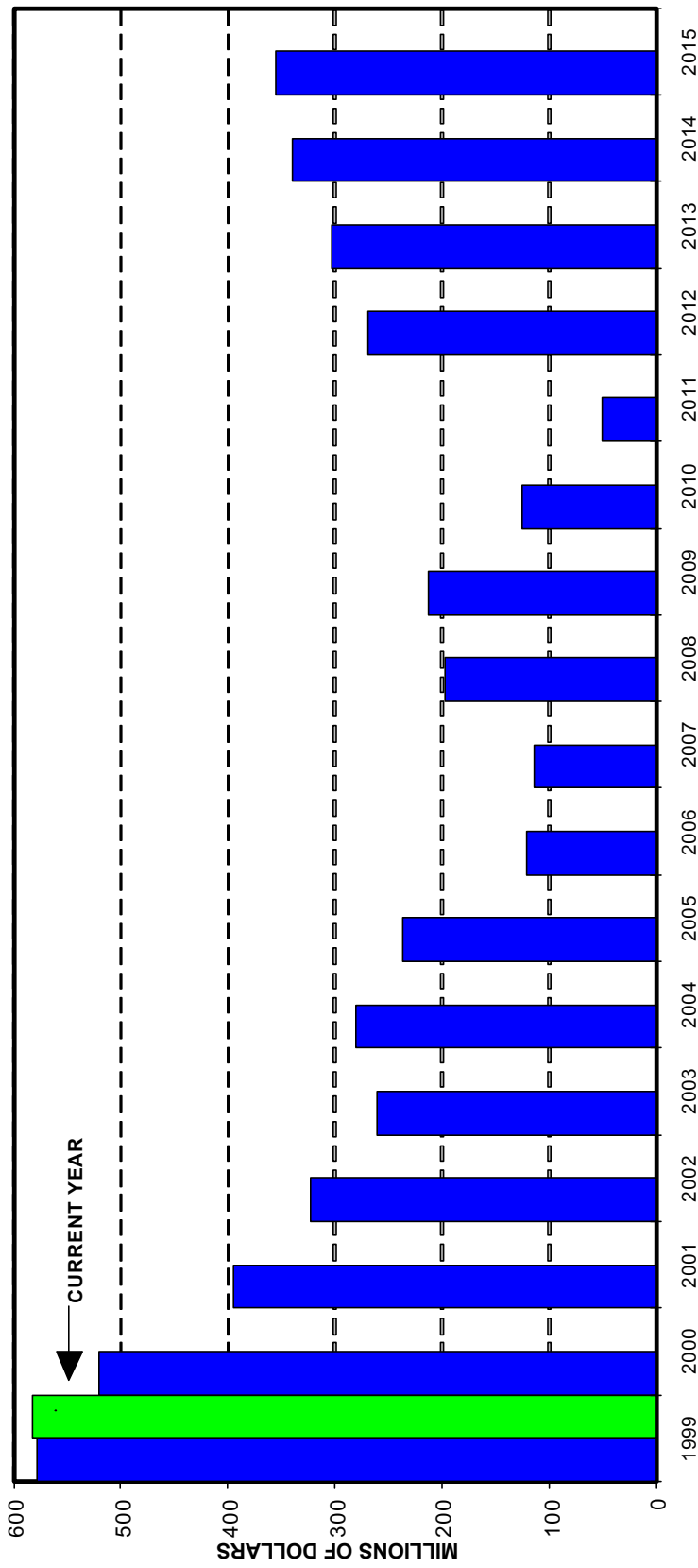
FISCAL YEAR THROUGH MAY 31, 1998  
 ( \$, Acre Feet and kWh in Thousands)

GROSS OPERATING INCOME			
Water Sales:	Acre Feet		
Treated	965	\$	398,146
Untreated	424		130,266
Reclaimed Water	<u>49</u>		<u>12,371</u>
	1,438		540,783
Readiness-To-Serve (WSC)			69,713
Connection Maintenance Charge			2,690
Power Recoveries ( 222,592 kWh )			9,614
Business Development			<u>111</u>
		\$	622,910
OPERATION AND MAINTENANCE			
Operations			187,027
Power and Water Costs			180,318
Business Development			<u>161</u>
			<u>367,507</u>
Operating Income before Amort. & Depr.			255,403
Amort. of Participation Rights			68,473
Depreciation, Plant			<u>40,413</u>
			<u>108,886</u>
Operating Income			146,518
OTHER INCOME			
Net Tax Revenues			73,364
Interest Earned on Investments			75,039
Current Interest Levies - Annexation Commitments			1,058
Property Rentals			565
Gain on Land Sales			7
Earnings on Escrow Accounts			-
Sundry Revenues			<u>419</u>
			150,453
INTEREST AND OTHER EXPENSE			
Bond Interest Expense			87,895
Adjustment for OAPF obligation			11,818
Arbitrage Rebate Tax			-
Research and Development			-
Sundry Expense			<u>2</u>
			<u>99,715</u>
Income before Annex Inc. & Prior Years' Adjust			197,255
ANNEXATION INCOME			
Levies for Uncapitalized Annexation - Principal			3
New Annexations - Principal			<u>264</u>
			267
ADJUSTMENTS OF PRIOR YEARS' POWER AND WATER COSTS			<u>15,736</u>
NET INCOME		\$	<u><u>213,258</u></u>

Note: Due to rounding, detail and subtotals may not foot or crossfoot to subtotals and total.

**PROJECTED AND ACTUAL CONSTRUCTION COSTS**  
 THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
**PROJECTED AND ACTUAL CONSTRUCTION COSTS**  
 (BASED ON FINAL 1998 - 1999 BUDGET FORECAST)  
 MAY 1999

■ PROJECTED COSTS THROUGH 2015 ESCALATED AT 5% FOR THOSE PROJECTS FOR WHICH FORMAL CONSTRUCTION CONTRACTS HAVE NOT BEEN AWARDED: TOTAL PROGRAM \$ 4,680.3  
■ EXPENDITURES TO DATE (F/Y 1998-99) 582.7  
 APPROPRIATIONS APPROVED TO DATE (F/Y 1998-99) 102.3








FISCAL YEAR ENDING JUNE 30

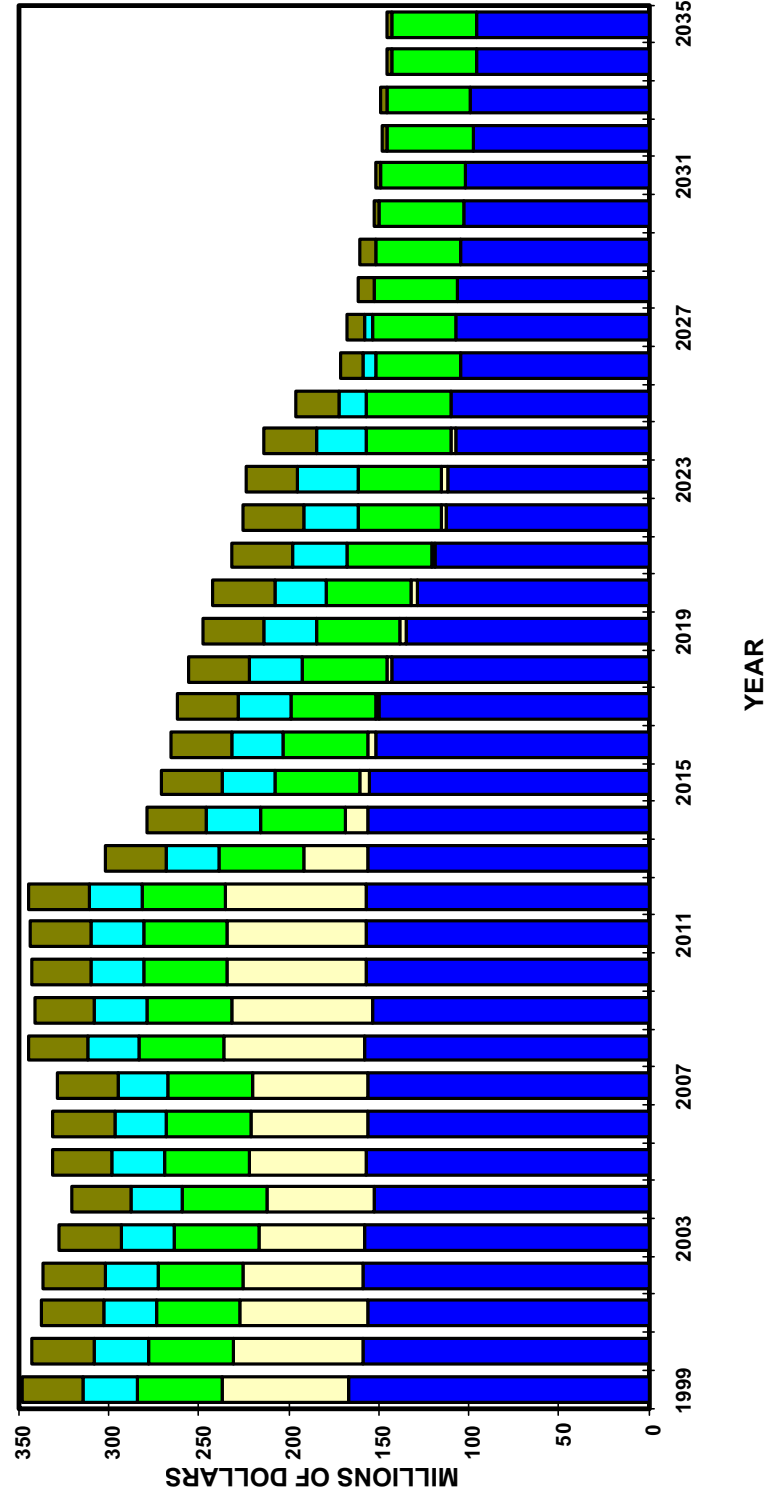
**PROJECTED FIXED SWC CHARGES THROUGH 2035**

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

**PROJECTED FIXED SWC CHARGES THROUGH 2035**

	TRANSPORTATION	\$ 4,961	* FROM ATTACHMENT 3, DEPARTMENT
	OFF-AQUEDUCT	1,057	OFF WATER RESOURCES INVOICE DATED
	STORAGE & CONSERVATION	1,755	JULY 1, 1998. ALL AMOUNTS IN 1998
	REVENUE BOND SURCHARGE	791	DOLLARS. AMOUNT CHARGES ARE
	EAST BRANCH ENLARGEMENT	951	BASED ON ORIGINAL ENTITLEMENT OF

TOTAL \$ 9,515 2,011,500 AF FOR 1999-2035



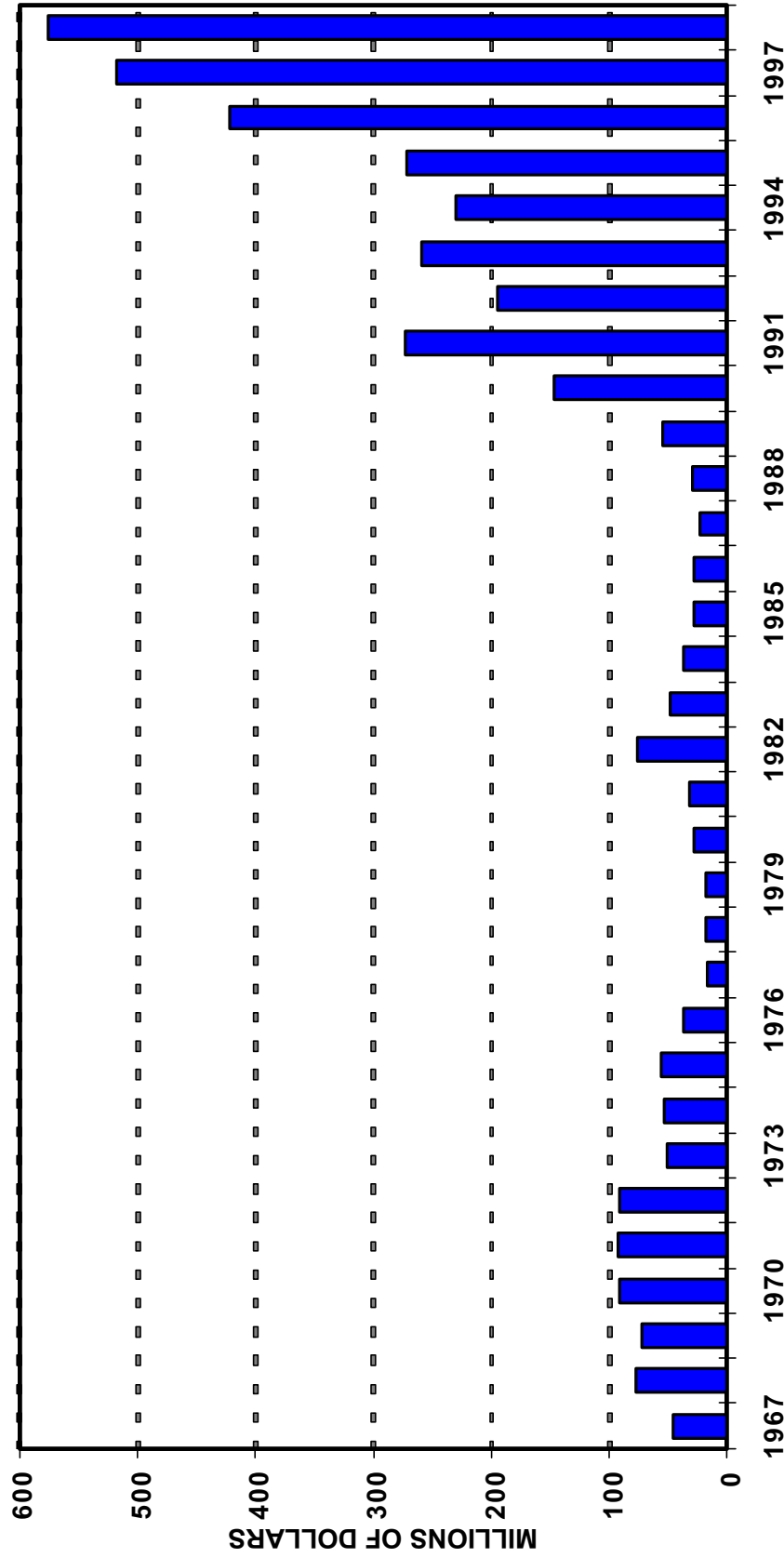
HISTORICAL CONSTRUCTION EXPENDITURES

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

# HISTORICAL CONSTRUCTION EXPENDITURES

from 7-1-66 through 6-30-98

■ EXPENDITURES THROUGH 6-30-98 \$4.00 BILLION



FISCAL YEAR ENDING JUNE 30

## ELIGIBILITY OF SECURITIES

**Date:** June 10, 1999  
**To:** Board of Directors  
**From:** N. Gregory Taylor, General Counsel  
**Subject:** Review as to Eligibility of Securities Invested in by the  
Treasurer for the Month of May 1999

Pursuant to Sections 2741(a) and 5101(b)(5) of the Administrative Code, this office has examined the Treasurer's Monthly Report to the Board for the month of May 1999 covering the investment of securities for that period. The reported forms of investment are within the eligible group of securities authorized by Section 5101(b)(2) of the Administrative Code, and as of the end of the month are within the percentage constraints specified in that section.

N. Gregory Taylor

SBB:mg  
#14515

cc: R. Gastelum  
L. H. Becker  
D. I. Furukawa  
R. N. Marumoto

**TRANSMITTAL LETTER**

**Date:** June 4, 1999  
**To:** Budget and Finance Committee  
**From:** General Manager  
**Subject:** Treasurer’s Monthly Report May, 1999

This letter transmits a summary report of investments and cash balances and yield comparisons for the end of the current month. A detail report of investments is filed each month with the Executive Secretary. These reports are required by Section 5114 of the MWD Administrative Code. All of the investments comply with Chapter 5101 of the MWD Administrative Code and the Investment Policy dated June 1, 1998.

Interest Earnings

<u>Portfolio</u>	<u>1 Year</u>	<u>Month</u>	<u>Fiscal Year</u>	<u>Weighted Average</u>
<u>Yield</u>	<u>Treasury Bill</u>		<u>to Date</u>	<u>Days to Maturity</u>
5.42%	4.96 %	\$4,250,000	\$57,233,000	438

	<u>Book Value</u>	<u>Market Value</u>	<u>Excess of</u>
			<u>Market Over Cost</u>
Operating Funds	\$ 325,965,000		
State Water Contract Fund	55,109,000		
Debt Service Funds	140,968,000		
Rate Stabilization Funds	<u>117,198,000</u>		
Total	\$ 639,240,000	\$ 639,293,000	
Construction and Trust Funds	<u>\$ 322,277,000</u>	<u>\$ 327,847,000</u>	
	\$961,517,000	\$967,140,000	\$5,623,000

General Manager

By: Lambertus H. Becker  
 Chief Financial Officer

Attachments  
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**SUMMARY OF INVESTMENT ACTIVITY AND STATUS OF CASH**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

*Summary Report of Investment Activity & Status of Cash for the Month Ending May 31, 1999*

(Shown at Book Value and \$ in Thousands)

<b>SECURITIES:</b>	<b>BALANCE</b>	<b>PURCHASES</b>	<b>SALES</b>	<b>MATURITIES</b>	<b>BALANCE</b>	<b>% of Portfolio ACT.</b>	<b>CODE</b>
U. S. TREASURY	\$92,793	\$15,131		\$4,028	\$103,896	10.8	100
U.S. GUARANTEES-GNMA'S	\$6,654			\$172	\$6,482	0.7	100
FEDERAL AGENCIES	\$77,874	\$8,929		\$11,183	\$75,620	7.9	50
REPURCHASE AGREEMENTS	\$85,000	\$1,003,053	\$978,053		\$110,000	11.4	50
BANKERS' ACCEPTANCES	\$24,973	\$1,340		\$13,570	\$12,743	1.3	40
COMMERCIAL PAPER	\$228,433	\$1,092,742	\$22,603	\$1,023,169	\$275,403	28.6	30
NEGOTIABLE CERTIFICATES OF DEPOSIT	\$144,927	\$126,431	\$3,917	\$150,922	\$116,519	12.1	30
TIME DEPOSITS	\$1,000				\$1,000	0.1	
SHARES OF BENEFICIAL INTEREST	\$0	\$2,531		\$2,531	\$0	0.0	15
LOCAL AGENCY INVESTMENT FUND - CALIFORNIA	\$79,884				\$79,883	8.3	
MEDIUM TERM NOTES	\$167,044	\$14,407	\$4,687	\$20,187	\$156,577	16.3	20
ASSET-BACKED SECURITIES	\$25,089			\$2,027	\$23,062	2.4	10
MUNICIPAL BONDS	\$332				\$332	0.0	
SUBTOTAL	\$934,003	\$2,264,564	\$1,009,260	\$1,227,789	\$961,517	100.0	
 CASH:							
DEMAND ACCOUNTS	\$933	\$348			\$1,281		
PETTY CASH	\$10				\$2		(A)
LESS OVERNIGHT INVEST.	(\$8,212)	(\$2,509)		(\$5,703)	(\$5,703)		(B)
SUBTOTAL	(\$7,269)	(\$2,161)	\$0	(\$5,703)	(\$4,420)		
TOTAL	\$926,734	\$2,262,403	\$1,009,260	\$1,222,086	\$957,097		

A) Petty Cash, \$2500

B) Includes investment of outstanding checks.

Note: Sales and Purchases may contain internal transfers.

YIELD COMPARISONS

